businesses but monitoring the program would be much more difficult. The Hispanic Chamber of Commerce feels the SBA guidelines are too vague and would not solve the problem.[23]

The best solution for the West Side is one that has not been discussed. This is to change the scope of the program from small and minority businesses to disadvantaged businesses. This solution would require a shift in the thinking at City Hall but not a radical change in the program. Disadvantaged businesses is the term being used by the federal government in its attempt to reach out to small, minority, women, or handicapped business owners for its contracts. This definition cuts across racial and ethnic lines. It eliminates the problem of defining what exactly is minority ownership. It recognizes that small businesses can have financial difficulty and that those having trouble should receive equal assistance through contract opportunities regardless of the racial or ethnic background of the owner. However, it is more likely that minority-owned firms will qualify for assistance.

The problems facing the businesses of the West Side are economic, and these problems are exacerbated by ethnic barriers. If the city targets not just minority firms but disadvantaged firms, it cannot avoid addressing the problems facing the West Side business owners, as they are some of the most disadvantaged in the city. Although the SMBA program only works with small businesses, the city considers firms as minority owned no matter what their size.[24] So, right now the city counts a minority-owned firm as such regardless of its size, financial success, or location. In this way it is easy to ignore and dismiss the fact that the poorer part of the minority community is receiving almost no benefits. If 30 percent of contracts go to minority-owned businesses located on the north side of San Antonio, and no other minority-owned firms receive any contracts, then the SMBA program goals will have been met. However, the program will not have helped the businesses, such as those on the West Side, that truly need economic assistance.

The city needs to establish areas, by census track, that are considered disadvantaged in terms of economic indicators such as unemployment. Small businesses can be defined as either those with both under 100 employees and under $1 million in revenue or by either criteria. Then the SMBA program should establish target goals for disadvantaged businesses in much the same way they have now for minorities. Essentially, the program would be operated in the same way, but it would force the city to develop the poorest areas, such as the West Side. The majority of these neighborhoods would be minority communities, so the program would still be targeted at minorities but in an indirect way. This way the city could not use the more successful minority firms to reach its quotas, as it is currently doing.

After discovering the low number of contracts the city of San Antonio awarded to its minority community, the city established a series of minority contracting goals through the SMBA program. Most of the goals were met in its first year, and it is considered a success. However, this program did not include at least one segment of minority-owned businesses, those located on the West Side. As one of the poorest areas in San Antonio, this community is in desperate need of economic development. The city would further its citywide economic development plan by focusing on revitalizing this area. Through contract opportunities, the city can encourage business development and thus improve the entire neighborhood. The City of San Antonio has started down the right track in using contract dollars as a positive force in a minority community's economic development. Now this development must directly benefit all segments of that community, not just the wealthier portions.

Chapter 3. San Antonio Bonding Requirements as a Barrier to Hispanic Contractors

INTRODUCTION

The City of San Antonio is currently undergoing a review of its bonding requirements for city contractors. In an effort to increase the number of minority firms awarded city contracts, a bonding committee was convened to consider changes to the present system. The specific project goal of the committee was to develop and implement strategies to assist small, minority- and women-owned businesses in obtaining insurance and bonding to improve their ability to bid on city construction contracts. Ten different alternatives to current San Antonio bonding policy were examined. In addition, a survey was sent to other cities in an effort to identify other procedures that localities have implemented in contracting for city projects.

At this time, no clear solution has come from the committee. Because each of the alternatives has its critics within the group, there is the possibility that the more feasible of the choices will be presented to the City Council without a specific recommendation. The City Council would then either choose one of the alternatives or reject any change in current practice.

DESCRIPTION OF TYPES OF BONDS

There are four basic contract bonds within the construction industry. They are surety bonds, bid bonds, performance bonds, and payments bonds. A surety bond is a financial guarantee that a contractor gives to a client that the job will be completed by them or a surety company will provide the funds to complete the job. A bid bond guarantees that the construction company will enter into the contract if it is offered. A performance bond guarantees completion of a job. A payment bond guarantees that all subcontractors and suppliers for the job will be paid. In all of these cases, if the contractor cannot meet the terms of the bond, a surety company will make the funds available to complete the job.

These bonds are in some ways similar to insurance policies, but unlike insurance they involve different groups of people. The first of these is the principal, otherwise known as the person whose performance is guaranteed by the bond. Next, is the obligee, or the public entity to whom that guarantee is made, and finally the surety, which will take over the debt of the principal in case of default.[25]

Once a surety takes on a firm as a client, that surety financially guarantees all contracts undertaken by the company. This places the surety in a position of risk, forcing it to closely scrutinize all firms which apply for its protection. The information sought by the surety is commonly known as the three C's:

Capacity -- the ability of the contractor to do the work.
Capital -- the financial ability of the contractor to undertake the work.
Character -- the track record of the company and its owners to complete work.

The bonding process is a complex and taxing one for the construction companies. Many agencies [redacted]ding a requirement in order to limit the number of bidders and to be assured that their project will be completed by the contractor selected.

CITY AND LEGAL BONDING REQUIREMENTS

The City of San Antonio operates under two state statutes regarding bonding requirements for city projects. Article 5160, the McGregor Act, and Local Government Code Chapter 252. The McGregor Act states:

> Public contracts in excess of $25,000 require the execution of performance and payment bonds by any prime contractor entering into a contract in excess of $25,000 with a public body. These bonds must be executed between the prime contractor and a corporate surety authorized to do business in Texas. They must be made payable to the governmental authority awarding the contract, and the form of the bonds must be approved by that authority.[26]

The Local Government Code Chapter 252 states:

> . . .the City in making any contract calling for or requiring the expenditure or payment of less than $100,000 may, in lieu of the bond requirement, provide in the contract that no money be paid to the contractor until the completion and acceptance of the work by the City.[27]

San Antonio, in practice, follows the McGregor Act for projects over $25,000. The bond requirement waiver for projects less than $100,000 is rarely used because of the city's emphasis on an operating procedure which "[affords] the optimum protection of the public welfare; in this case, public monies."[28] Bonding places the responsibility for payment in the case of default upon the surety company. By contrast, the $100,000 waiver option places that risk on the city and its taxpayers.

Bonding Problems

San Antonio mandates that its operating procedure provide a reasonable number of contractors the opportunity to bid on city contracts. Statutes which mandate that a contractor be bonded for projects of $25,000 and over decreases the number of bidders. This is due to the fact that many firms have difficulty being bonded, even though they may be able to do the work.

New firms, for example, rarely have the capital or equity required by a surety company. Small companies are seen as riskier than larger, experienced contractors. Sureties must go to the same expense in order to investigate a small firm for bonding as a large one. As a result, many of the sureties avoid dealing with smaller construction firms by setting minimum experience or financial requirements in order to focus on those companies seen as less risky.[29]

Minority- and women-owned contracting firms also have difficulty in finding a surety company that will bond them. Most of these firms suffer the problems of a small organization,

such as low liquidity and equity. In addition, surety companies tend to have a negative image of them because such firms tend to be undercapitalized. This lack of capital results in unorganized financial statements which the surety has difficulty in evaluating. Also, the need for working capital often induces such firms to ask for jobs which are beyond their ability to handle. Above all else, contractors must have a certified public accountant to organize financial statements and a good relationship with a bank. Most minority- and/or women-owned firms lack these essential ingredients in obtaining bonds.[30]

The existing city practice of requiring bonds for projects of over $25,000 drastically reduces the number of minority firms able to bid on those projects. Currently, the city does not utilize the $100,000 waiver policy. However, the waiver would probably not increase the number of minority contractors because of the stipulation that no money be paid until the project is completed. Thus, the contractor would need sufficient capital for labor, equipment, etc., throughout the project. Since lack of capital is a primary problem for most minority-owned contracting firms, the waiver would be of little benefit to them. The City of San Antonio has formed a committee to look at possible changes in its bonding procedures as a means of increasing minority participation in city contracts.

Bonding Alternatives

Strategies for including more minorities in city bidding can be divided into two distinct categories. First, the city requirements can change so that fewer projects require bonded contractors. Altering these requirements would involve a change in Texas statute, the Local Government Code, and the City Charter. Making these changes would require legislative position papers and lengthy legislative battles. These are not changes that could occur in San Antonio immediately.

An alternative would be to help minority- and women-owned firms in their efforts to be bonded. The city would need to look at methods of funding for these changes but the benefits of such programs could doubtlessly be reaped sooner than those requiring legislative change. The following are alternatives presented to the city's bonding committee.

The committee has focused on the possibility of waiving bonds for contracts under $100,000 but still paying the contractor throughout the project in a traditional manner. This proposal would have the benefit of allowing all firms, bonded or not, to bid on a project. This would increase access to a large number of city contracts by minority- and women-owned firms. The disadvantage of such a plan is that the city is placed in a risky position should the firm default over the course of the project. The city would then be forced to find another contractor, adding both cost and time to the contract.[31]

Another proposal considered is similar to the previous one except that the bond waiver would be available for projects up to $250,000. The primary impact of this increase would be to free up even more city contracts to unbonded firms. The potential cost to the city should these unbonded firms default would, correspondingly, be higher.

Another alternative would be for the city to accept personal surety, cash equivalents, or letters of credit. Each of these guarantees could be used as alternatives to surety bonding. The McGregor Act prohibits the use of personal surety for government projects. These sureties are highly dependent upon the financial stability of the contractor. Cash equivalents insure that the

city will be paid in the case of a default but do not guarantee that the work will be completed by the contractor. Letters of credit are very risky because they can be revoked at any time and the city would be liable for the cost of the project.[32]

The committee is considering allowing the city to act as its own bonding agent and procure all materials needed for a project. If this were the case, it would eliminate the need for surety companies and as a result more minority- and women-owned firms would have an opportunity to bid for city contracts. However, the city would be put at great risk for the sake of this benefit. Also, if the city were to acquire all the materials needed for a project, it could incur the higher cost of procuring and monitoring these materials (i.e., purchasing, storage, security, delivery, etc.). This would benefit contractors, who could then use their capital on the actual labor or equipment required for the job, thus reducing the direct cost of the project to the city.

Incremental surety bonding, the process of breaking one large project into many small ones, is also under consideration by the committee. Supporters argue that small contractors would be better able to bid for smaller phases within a large project. The problem with this approach is that due to the inclusion of many contractors on the same project it would require that all these contractors be bonded and this would increase the overall cost of the project.

CONCLUSION

Each of the alternatives above would require changes in San Antonio's current operation policy. Each, with the exception of incremental bonding, would require changes in Texas statutes and local codes. The following are alternatives that would not require legislative change and, while not current operating procedures, could be implemented without major changes to city policy.

1. Financial Management Training Program -- a program that would inform small minority- and women-owned firms of the types of financial material which they need to bring to the surety company to procure a bond. In addition, these firms could be linked to a certified public accountant who might be willing to perform services at a reduced rate.[33]

2. Mentoring Program -- a program that would provide assistance to minority contractors by linking them with large, established prime contractors. The large contractor can help the small one with training managers, obtaining working capital for securing a bond, writing business plans, accounting, purchasing equipment, etc. The larger contractor would have the benefit of satisfying minority subcontracting goals and have the option of becoming part owner of the smaller company.

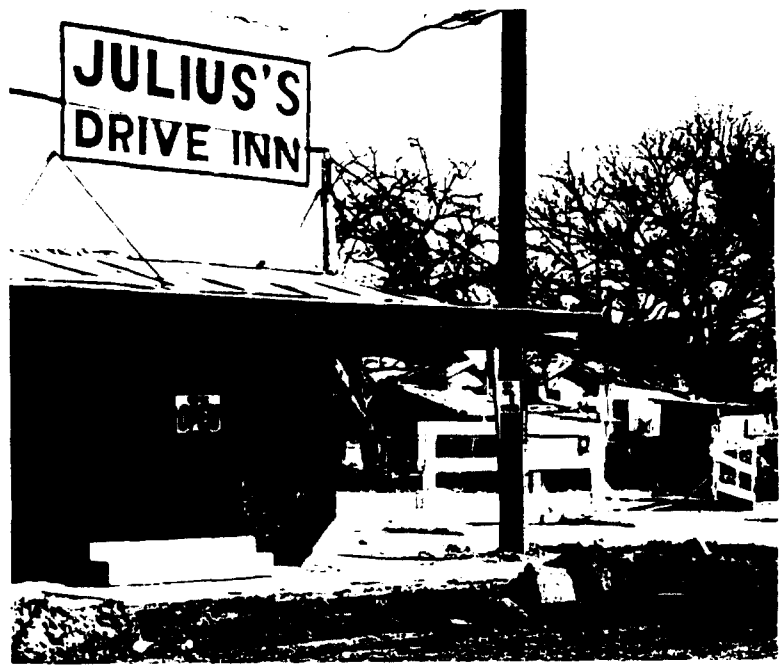
3. Use of CDBG Funds -- Community Development Block Grant money is used for social services and infrastructure development and maintenance in San Antonio. Some of the funds that are currently spent on infrastructure could be used to support minority and women contractors. These funds would be loaned to these contractors at a low rate in order to allow them the opportunity to meet bonding requirements.

4. Bond Trust Program -- this program would provide security to surety companies if they provide performance bonds to firms that would not otherwise qualify. The monies would be used as collateral for the surety providing the bond in case of default. This

would allow minority and women firms to establish a track record and make it easier for them to get bonded in the future.

All of the options discussed above have been considered by the city's Bonding Committee. The committee will submit without recommendation all of these options to the City Council for discussion.

This family-owned, formal business is part of the informal-formal network within the ethnic enclave. Customers stated that the *ambiente* of this specific network is more personal, understanding, and responsive to the needs of the community and its members.



Infrastructure development, specifically road repairs, has negatively affected small enclave businesses by making it difficult, time consuming, and sometimes even impossible for customers to frequent the store. Smaller businesses which rely on consistent daily sales have been most affected by these lengthy city development projects.

Typical shoppers browse at a local, family-owned, formal business within the ethnic enclave. This store specializes in traditional Mexican food products, as do other stores within the enclave.

This used clothing business is part of the formal sector that services particularly the poor sector of the low-income West Side community. The business owner adjusted his business to the depressed economic conditions of the surrounding neighborhood by practicing a variety of informal business activities (e.g., barter, trade, and credit) and working through informal networks.

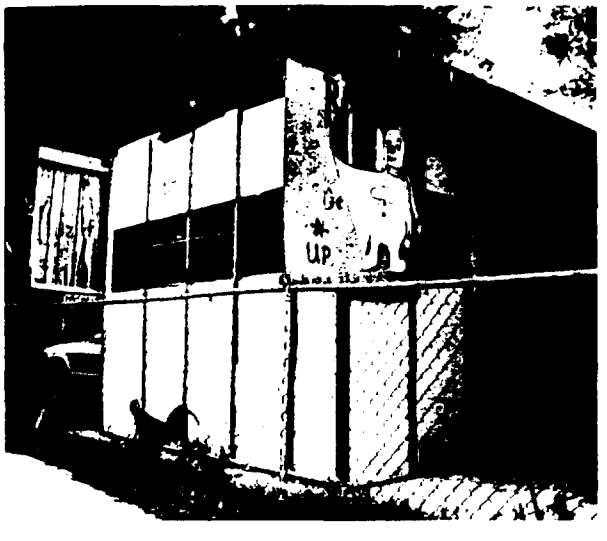
This man shines shoes at El Mercado during the day and is a freelance photographer at night. He buys most of his shoe shining materials in Mexico, where the prices are 60 percent cheaper.

Three years ago this business was located on a commercial site at the corner of Navidad and Guadalupe streets. Because the landlord wanted to sell the property, the owner moved the business to his home, where it has not done well.

This 23-year-old woman and her daughter live in the housing courts. She makes and sells cupcakes every now and then when she needs money. She uses the money to buy food; on this day she needed milk.

This gentleman has been a street singer for 30 years. He sings at El Mercado seven days a week, 12 hours a day and earns $20-$25 on a good day.

The woman selling these snowcones, the cheapest in the neighborhood at 25 cents, uses the money earned to pay bills for her family.



At 5:30 a.m. approximately 50 to 60 men gather at the corner of Frio and Salinas streets in San Antonio. On a good day they may earn $50 laying cement; on a bad day they don't get a job.

This is the "official" day-laborer assembly site. None of the day-laborers interviewed gather in this area.

The Mexican cop, "Pelon," comes by every morning between 8 and 10 a.m.

A mural adorns a housing court in the West Side.

A resident of the housing courts said she didn't like the neighborhood. "Too many drug sales" (e.g., coke and pot). She will stay until she finds a job and can afford to move.

Chapter 4. The Informal Sector

The relevance of studying the informal economy of the ethnic enclave is related to the extreme cases of poverty found in San Antonio. A total of 161,300 people live in poverty in San Antonio, including 32,900 families and 72,200 children. Nearly as many people in San Antonio live in poverty as in Houston, a city with more than twice the population (appendix D). In a comparison with eleven other American cities, San Antonio ranked third in its severity of poverty for all persons and specifically the Mexican-American population (appendix D). In 1980, more than 160,000 individuals in San Antonio lived in neighborhoods in which the poverty rate was 40 percent or higher. Of the 161,300 individuals, 73 percent were Mexican-American although they composed only 54 percent of the total population; 10 percent were African-Americans who made up only 7 percent of the population; and 45 percent were children under 18 years of age even though children only represented 32 percent of the total population.[34]

A history of exclusionary policies including "restrictive covenants" has led to the development of a spatial organization that concentrates ethnic groups in well-defined neighborhoods such as the West Side. It is perhaps these same attitudes which have contributed to the disproportionate allocation and distribution of resources. In a case study from 1968 to 1978, the Texas Advisory Committee to the United States Commission on Civil Rights found that African-Americans, Mexican-Americans, and women are underrepresented in every economic sector and hold a disproportionate share of low-paying, menial jobs. Even in military-related employment, ethnic minorities are "concentrated in the lowest paying jobs." This finding led the advisory committee to ". . .the inescapable conclusion that equal employment opportunity for minorities and women had not been fulfilled."[35]

The high level of poverty among Latinos in San Antonio correlates with the existence of an informal sector. Personal and informal economic networks allow people to explore their needs and seek to meet them in their own way. In this respect the informal economy might be understood as containing the very foundation of all other economic activity and as necessary to the functioning of any social arrangement.[36] In addition to the economic aspect of the informal sector, research indicates that the informal activities also provide a necessary part of the force of social cohesion, important in the definitions of family and community.[37] Within such networks a social ethic often operates whereby members are protected from total and abject economic failure. This is particularly evident in disadvantaged communities where very scarce resources must be shared in order to ensure the survival of the network.[38] Thus, in the case of the ethnic enclave in San Antonio, the informal economy may play a vital role economically as well as socially in the community.

PURPOSE OF THIS STUDY

This analysis focuses on aspects related to the informal economy of the urban ethnic enclave of San Antonio (appendix E). The purpose of this analysis is to define the nature of the informal business sector as it relates to the urban ethnic enclave, determine its level of activity,

The focus group was divided into two subgroups, which worked independently on different case studies. Each group relied on qualitative analysis, including face-to-face interviews with individuals participating in informal economic activities, observations, photographic documentation, and library research. Case study number 1 investigates the publicly visible male-oriented contract or "day" labor network. Case study number 2 investigates the publicly invisible, domestic, female-oriented informal activities, which occur in and around a housing project primarily inhabited by single mothers and their children.

This study found that most people in the informal sector in San Antonio participated in it as a means of survival rather than as a calculated move to avoid paying taxes or licensing themselves with the city. A downturn in the economy of San Antonio and the state of Texas in general has meant a much more restricted job market. Another reason that was frequently mentioned for participating in the informal sector has to do with a vague notion of lifestyle preferences. The informal sector affords its participants a certain amount of freedom and control over their work that a job in the regular market would not provide. For the women in the housing projects, selling their own goods also gives them a sense of pride in their work and helps to build self-esteem.

DEFINITIONS

A micro-level analysis emphasizing the human component of the informal sector was adopted. The informal economy was approached from the participants' points-of-view, maintaining a bottom-up rather than top-down perspective. Due to the complexities and interrelatedness of the informal and formal sectors, the informal sector is viewed as lying on a continuum. On one end of the continuum lie more cash-based activities. Such activities tend to have more direct and obvious connections with the formal economy. These exchanges usually have higher capital investment, employ more people, are more profit motivated, and tend to be full-time and to yield higher income. This research found that the day labor network falls on this end of the spectrum. On the other end of the spectrum lie those activities which are more closely aligned with the social economy than with the formal economy. These activities are often based on noncash exchanges such as bartering and exchanges of services. Outputs for these activities are not exclusively material, tend toward lower capital investment, are highly family based, use less formal contracts, and tend to generate less income. The economic activities of the women and children of the housing project fall on this end of the continuum. The study of the full continuum will allow thorough exploration of the informal sector of the West Side and its function and significance for individuals, households, and the community at large.

It was found that negative social perceptions affected the personal attitudes of the participants in the sector. Although the participants felt their ethnic community supported as well as encouraged informal activities, they sometimes made apologies for their type of work. In one specific case, a man who worked at two "informal" jobs, seven days a week, 12 hours a day, belittled his tremendous efforts with phrases such as "it gives me something to do; its better than being at home and being a bum." Other individuals referring to their work made remarks such as "it's not a real job," or "it's not a regular job." Still other individuals felt a need to justify their participation with statements like, "when you're hungry, you've got to do something." Thus, it became problematic for the participants in that they felt good about their jobs and themselves; yet, recognized the negative image associated with informal activities by society.

A holistic perspective of the sector which integrates its activities with the recognized formal sector is needed. The focus on the informal sector explores a different aspect of the economy, which is "mainstream" for those populations that benefit from "self-employment" when "labor market employment" is closed to them. In addition, a value-free definition of the informal sector, without negative terminology or subjugation of the informal to the formal sector is also recommended.

REVENUES AND PARTICIPATION LEVELS

Broad empirical work is often imprecise; nevertheless, the Internal Revenue Service (IRS) has attempted to provide estimates of the revenue generated by the informal sector. The IRS reported an estimated $14 billion worth of income was underreported by small entrepreneurs in 1981. This estimate was derived from interviews with 50,000 randomly selected taxpayers and reexamination of selected tax returns. In a second report, the IRS combined the Taxpayer Compliance Measurement Program (TCMP) figures with estimates of underreported income and estimated that 5 million people are believed to make no tax declaration of additional income.

In 1987, the IRS commissioned a study by the University of Michigan in which 2,000 American households were surveyed on spending patterns. Members of households were trained to detect when suppliers were likely to be operating "off the books." When the costs of household purchases from these vendors and suppliers were combined, a total of $42 billion dollars was estimated to have been spent by American households on informal goods and services in 1981. The single largest category was $12 billion dollars for house repairs.[39]

CASE STUDIES

This study of the informal sector focused at the micro level; therefore, the estimates of informal revenue are based on an individual level. Estimated revenue generated is presented by case studies.

Due to the high level of variance in the number of days worked by individual day laborers, the monthly income level is difficult to calculate. Working eight hours per day for four days per month at a minimum scale of $3.35 per hour or working ten hours per day for sixteen days per month at $5.00 per hour, day laborers could earn between $107 - $800 per month. Based on the 20 men interviewed, an average monthly income range would be between $112 per month (four days per month of 8 hours per day at $3.50 an hour) to $432 per month (twelve days per month of 8 hours per day at $4.50 an hour).

These figures are in the same range as those generated by Dr. Eliot L. Grossman in a study of day laborers in Los Angeles. Through similar interviews, he estimated that day laborers earn an average of $245.70 per month. He based his numbers on an average hourly rate of $4.87 per hour. Although their hourly rate is above minimum wage, he discovered that day laborers are only able to secure work an average of 6.3 days per month. Thus, they earn less per month than does a person who works full time on minimum wage.

Participation levels in the day labor network seem rather substantial. Observations made during the week in the early morning and mid-morning and on Saturday morning revealed a distinctly different pool of men looking for work at each of those times. Based on this

information, it seems likely that as many as 150 different men may participate in this network on a daily basis.

The monthly income generated by women in informal activity is approximately $10.00 to $100.00 in cash and $50.00 to $200.00 in other value generated through exchanges involving clothing, food, babysitting, etc. The importance of this supplemental income through informal work for the women is great. While the money involved seems to be very minimal, this income is substantial in terms of the women's survival and well-being when compared to their total income. Most of the women interviewed had an average income of $200.00 a month, therefore an additional $50.00 through informal work is significant. For many of the women studied, the money earned from informal work was enough to pay for rent, electricity, cable TV, or clothing for their children.

The participation level in the informal sector is exceptionally high among women. Of 38 individuals (men, women, and children) approached, 25 of which were interviewed, virtually all (36 out of 38) were involved in some kind of informal activity which generated either cash or in-kind services. Informal activity is a necessity for perhaps the majority of the residents in the housing projects, which includes a population of approximately 3,000 individuals, primarily single mothers and their children.[40] It is more difficult to estimate the participants in the informal sector of the ethnic enclave outside the courts. However, in a one-block area of residential housing, approximately seven out of fourteen households were participating in informal activities. Three of these households were openly engaged in informal economic activities, including a tire repair shop, body and paint shop, and flower arranging for special occasions. Due to insufficient data, it is difficult to speculate whether this is a common occurrence within every neighborhood. We also identified individuals engaged in informal work who were not residents of the ethnic enclave themselves. Thus, there is reason to believe that the informal sector extends to other areas of San Antonio.

Case Study Number 1: Day Laborers

Methodology. The criteria for selecting day laborers was based in part on their visibility within the community and their accessibility for interviews. The size of the day-labor work force and the degree to which they interact with the formal sector also makes this group especially relevant for study. The largest concentration of day-labor activity takes place on the West Side of San Antonio along Frio Road and Commerce Street. Approximately 20 individuals were interviewed during three separate trips to the day labor area. In addition, two subcontractors, formerly day laborers themselves, were also interviewed.

The day laborers were approached in a casual manner with interviewers making small talk with a group before beginning the questionnaire. Sometimes groups of three to five would participate in the questioning together, although individual interviews were encouraged as much as possible since there were certain topics that the men would not discuss in a group.

Interviews were conducted at three different times: early morning (6:30 a.m. - 8:00 a.m.), mid-morning (8:00 a.m. - 9:30 a.m.), and late morning (9:30 a.m. - 11:00 a.m.). Different groups of men were observed at the corners each of these times. One group of interviews was performed on a Saturday and again few, if any, of the men already seen were there. Thus, the same men were seldom encountered more than once.

A total of 20 individuals were interviewed out of approximately 80 who were encountered. The individuals were interviewed on four primary areas of interest: personal data, work data, attitudes about day-labor work, and problems associated with this type of work. They openly disclosed information of interest while continuing to solicit work as it became available. Several times interviews could not be completed because men were successful in obtaining work. The majority of the interviews (18 out of 20) were conducted in Spanish.

Survey Results. All of the men interviewed (20 out of 20) were of Mexican descent. The majority of the workers (16 out of 20) were born in Mexico. Only four men were born in San Antonio. Of those who were foreign born, the length of residency in San Antonio ranged from 4 months to over 35 years. The age range of these individuals was from 18 to 55 years, with the majority of the men in the range between the ages of 25 and 35. Subgroups of older men (greater than 40 years) often waited for work in areas apart from the relatively younger men. Three men had completed high school; one of them had attended some college in Mexico. The other men had only completed some elementary school with the average number finishing fifth or sixth grade.

Most of the men (16 out of 20) resided in the West Side of San Antonio, and two men resided on the southwest side. Another two men were homeless and stayed in shelters near the pick-up area. When asked about their future plans, most of the men reported that they were staying in the area and would continue day labor until regular work became available. Two men who owned a car travelled seasonally looking for work. They had plans to go to Florida for the winter to harvest seafood.

According to the men interviewed, all had some type of documentation to prove legal status. When questioned if they knew anyone who was undocumented and engaged in day-labor work, they replied that they knew of some Central Americans working illegally but that the Immigration and Naturalization Service (INS) made regular busts in the area keeping the illegal population down. This information conflicts with reports we gathered from business people in the area as well as with one man, "Negro," who was interviewed early in the morning separately from the pool of 20 men. Negro reported that, "Lots of guys [are illegal] 14, 15, 16 years old coming from Mexico. They sleep on the tops of buildings. Maybe 15 to 20 of the men are from Mexico. Half of the men on the corner are undocumented." Negro expressed his displeasure with the undocumented because they would do work that he could do for half the price. He also said that, "People [contractors] are looking for guys who don't have cards." Negro reported that the INS comes by every day at no particular time. During the times that interviews were conducted, mostly in the later morning, no INS visits were made.

One explanation for this conflict may be that the undocumented workers are more desperate for work and will work for lower wages. Thus, they have a tendency to obtain work earlier. The majority of the men interviewed were at the day labor area from mid- to late morning and may not often come into contact with undocumented workers at that time. Also, the undocumented workers may fear reprisal from the INS and want to remain as inconspicuous as possible. Perhaps, if they do not obtain work early in the day they may "hide out" away from the police and the INS.

The number of days worked each week depended largely on the availability of work and on the daily weather conditions. The day laborers could work anywhere from zero to seven days a week. On the average, the men reported finding work two to four days per week. The majority

were willing to seek employment on the weekends as well. The time spent waiting for work also varied a great deal. Some men came to the corners every day, while others came sporadically. The length of time working as a day laborer ranged from one day to 35 years.

Salary range varied according to contractor and complexity of work. Most men avoided jobs that paid minimum wage. However, according to some men, the undocumented workers do take jobs at minimum wage. The majority of the workers required a minimum of four dollars per hour. A higher wage was usually paid if the job was only for half of a day. Semiskilled work paid five to six dollars an hour. For most of the men, day labor work was the primary source of income for their family. A few individuals (6 out of 20) had spouses who earned supplemental income. The kinds of jobs varied a great deal, with most work falling into the general areas of construction, gardening, moving, and general clean up. All of the work generally required some type of physical labor.

Most of the men (18 out of 20) did not like the temporary nature of the work. Two individuals chose working as day laborers even though they had other options for work. Many did not like the constraints placed on them by the community, especially the nearby business owners and the police who regularly checked on their activities. The day laborers were not aware of what impact their work has on the West Side. Most of the workers felt that day labor was a viable means of earning a living when alternatives were not available. The long history of day-labor work in the area (since WWII) has institutionalized the network to a certain degree. The workers as well as the contractors realize that this kind of work will continue to be available regardless of changes made in the surrounding community.

The most common problem identified by the men was lack of work. Some of the day laborers reminisced about the construction boom of the mid-1980s when work was available seven days a week. At the time of the interviews, work was scarce, and many of the men spent the entire day waiting on the corners. Poor wages were also identified by most of the men as a major problem with day labor. According to some of the workers, certain employers had formalized the work of the day laborers by requiring application forms for work. These jobs usually pay minimum wage and only employ the workers for four to six hours per day. This formalization means that federal tax will be reported and withheld from the workers' pay. A group of workers interviewed turned down this type of work. Yet, we witnessed 14 men, who were not interviewed, pile into a van owned by a cleaning company which required job applications. Another problem experienced by some of the workers (6 out of 20), was nonpayment or lower payment than was originally promised for completed work.

An everyday occurrence for the day laborers was visits by the local police. Problems with the police varied, but most men experienced minimal harassment for loitering in inappropriate areas. The men suspected that the reason for the harassment by the local police was a result of pressure by the business owners in that area. The shop owners apparently reacted this way due to the ostensibly negative effect the workers were having on their businesses. Few problems were reported by the men with the INS. All of the foreign born workers interviewed claimed to have documentation. Most of the workers responded to questions concerning the INS by stating that they were not "wetbacks" and thus did not have problems with immigration. It seems likely that the fear of detection by the INS would prevent the men from answering these questions honestly.

Subcontractors. Two subcontractors were interviewed to gain insight into their perceptions and ideas concerning the day-labor network. Understanding the opinions of the subcontractors is essential for developing policy recommendations which will undoubtedly affect them. Telephone

contact was initially made with the subcontractors to arrange the interviews. Both of the individuals were willing to be interviewed as long as the interviews would remain confidential. The interviews were conducted at their place of work allowing them to take breaks and run errands such as transporting needed materials to their crews. A follow-up interview was conducted with one of the subcontractors over the phone.

Both of the subcontractors interviewed were born in Mexico and had been living in the United States for approximately 20 years. Both had some high-school education and could comprehend English. When questioned about other subcontractors, they agreed that most subcontractors are foreign born and that they only know one or two who are U.S. born. The subcontractors were in their late thirties and early forties and thus were older than most of the day laborers. One of them had been working as a subcontractor for three years, the other for seven to eight years.

Both subcontractors began doing general construction work upon arrival to the United States. Both came from families with construction and contracting backgrounds. Today one of them hires approximately ten men depending on the work load. The other subcontractor manages two work crews of about four men each. He receives a 10 percent commission for the completed work and is also responsible for distributing the pay to each of the men on his crew.

Texas Employment Commission Day-Labor Program. Perhaps the greatest indication of the deep-rooted nature of the informal sector and particularly of the day-labor network is the attempt made by the Texas Employment Commission (TEC) to formalize this network by providing the workers with an official day-labor meeting place. Such recognition of the informal sector, especially by a state agency, indicates that day labor is a vital, accepted form of income generation with continued future potential.

The day-labor programs in San Antonio operate in a very informal, unregulated manner. No one person oversees the day-labor programs for San Antonio or for the state. No regulations exist governing institution of the programs for the TEC branches. Records are not kept regarding the number of workers placed, amount of income generated, or the number of contractors using the program. Unfortunately, this inconsistency makes researching the programs and their impact on the economy of San Antonio and the ethnic enclave very difficult.

An average of ten workers a day wait in the Austin Highway TEC office for work. Employers will either call in or drive by to pick up workers. When they call in, they describe the type of work, how many workers they need, and the amount of pay. Often, workers must supply their own transportation to the work sites. Many times contractors will request certain workers. Otherwise, jobs are distributed by talent, pay level, or location. For example, if a job pays less than four dollars an hour, many workers will refuse it. If a job requires special skills, the worker with that skill will be matched with that job. If transportation is required, the worker with a car will get the job and will be able to choose who goes with him if additional workers are required.

The statistics gathered concerning placement, pay levels, and type of work are rough estimates. An average of five to six workers are placed per day. Most jobs pay between four and five dollars an hour. The type of work varies tremendously, but the main areas are construction, painting, landscaping, loading and unloading, and office work. Approximately half of the employers of day laborers are small and large companies. The other half consists of private individuals. Most jobs last for one day; however, some may last for a week. Occasionally a job may even evolve into permanent work.

Unlike the workers at the informal day-labor site, only one-third at the Austin Highway branch were Mexican-Americans, with the other two-thirds being equally divided between Anglos and African-Americans. Few if any of the workers at the Austin Highway branch were undocumented. The TEC branch at Commerce and Frio streets is an extension of the downtown office, and its sole function is to operate the day-labor program. The program was instituted just two and a half years ago. The Commerce Street branch is located in the ethnic enclave in the same area as the informal day-labor network. The Commerce Street program functions similarly to the one at the Austin Highway. Workers come in the morning and sign in with their name, social security number, and whether or not they have a car. Then they wait either in the office or out at the official day-labor corner. When jobs come in, they are distributed on a first-come, first-serve basis. Most jobs require transportation as the employers rarely drive to the office. On the average, only 30 workers are placed per month from this office.

Very few workers congregate at the official work site on Commerce Street. One researcher spent approximately 30 minutes interviewing the coordinator of the Commerce Street program, during which time no jobs were called in and no workers were seen. The coordinator reported that he had not been able to place any workers that day, although he did have a sign-up sheet with approximately 25 names on it. The size of the informal day-labor network in such close proximity to the official TEC program calls attention to a failure on the part of the TEC program to incorporate the informal day laborers and contractors. Since the Austin Highway office is not located on the West Side, it is more difficult to assess its impact on the enclave. More information about the number of workers coming from the West Side to that office would have to be collected before any conclusions could be drawn. The effects of the Commerce Street office are more readily apparent.

The greatest cause for the failure of the TEC to incorporate the informal day-labor sector into its official program is lack of education and communication between the TEC and the workers. The informal workers interviewed lacked accurate information concerning the program. Misinformation is hardly surprising given the absence of structure in the program and the general mistrust the workers feel for government agencies of any sort.

Another problem is the lack of information between the TEC and the contractors. The informal day labor network is well established within the community of the ethnic enclave, and the TEC has made no attempts to establish its program through grassroots methods which would incorporate the opinions of the day laborers themselves. The TEC has also made no attempt to educate the community about the program.

The makeup of the program itself also contributes to its failure. With little or no direction to guide the TEC programs, it seems unlikely that they would accomplish their goal of matching workers with employers. Since no data are kept regarding the number of placements or wages, there can be no way to measure success rates and thus no way to make improvements. With all of these substantial obstacles facing the TEC, it comes as no surprise that the Commerce Street program is so unsuccessful.

Cattleman Square Association. Another group which has concerned itself with the day laborers is the Cattleman Square Association. The association was established around 1985 by Charles Tadouse, the owner of a local grocery wholesale store. The initial group consisted of eight property owners in the Cattleman Square area, which is bordered by Guadalupe on the south, Smith Street on the west, Morales on the north, and IH-35 on the east. Since then, the organization has grown to include 45 of 125 property and business owners in the area. The association's

primary goal concerns urban renewal and rehabilitation of the infrastructure. A list of their top ten priorities includes such projects as reconstruction of the Buena Vista bridge, rehabilitation of Commerce Street between San Marcos and Medina streets, and removing the section of the Southern Pacific railroad track from Comal Street. Other goals include the promotion of community and economic development.

The association encourages development by involving the banking, architecture, retail, and leasing industries in the rehabilitation of existing buildings in the area. They then attract businesses into the neighborhood that will rent office space in or operate businesses from the newly renovated buildings. Along with the promotion of business growth in the area, the association is interested in improving the image of Cattleman Square. Thus, they established their Task Force on Crime Prevention and Code Enforcement. Unfortunately, this information does little to correct the image problem that the association feels their business area has. One group of people that they feel is responsible for the bulk of the image problem is the day laborers.

In order to work through this problem, the association has allied itself with the TEC, the San Antonio Metropolitan Ministry (SAMM) Shelter, representatives from the San Antonio Police Department and the Department of Health and Human Services. This group came up with a series of ideas to relocate the day laborers to the official site and to encourage contractors to pick up workers there as well. One tactic they have used in the past and will continue to use is serving coffee and doughnuts at the official day-labor site in the mornings. A newer idea that they have implemented is to print cards telling the day laborers where the official site is and encouraging them to go there. They plan on distributing the cards through SAMM, TEC, and Health and Human Services employees. Enforcement has been used, but, since the San Antonio police department will not put an officer on a foot patrol there, eight of the businesses in the association recently hired their own private security force to patrol the area.

We would like to suggest that the only manner in which the informal day-labor program could be successfully incorporated into a more formal entity would be from within the community itself. The TEC and the Cattleman Square Association may be useful resources for funding or providing a location, but the structure of the program should be built at a grassroots level. Only in this way can you win the trust of the people and create a program which will benefit the community, the city, and the workers.

Policy Recommendations. Recommendations for the city of San Antonio are based on two specific goals. The first goal is to organize day laborers so they may be joined more efficiently with the contractors. Advertising their services to local companies as well as private individuals would increase job opportunities for the workers. Organizing the workers will also help minimize exploitation and maximize hourly wages. A community liaison person could help to organize the workers, eventually empowering them so that they will see their work as worthwhile and beneficial to the community. In fact, one day laborer asked us during our investigation if we could help the workers find an advocate to write a petition to cut back on police harassment and relocate the official pick-up area. Community education programs could also be sponsored to demonstrate the contributions made by workers in the enclave.

The second goal is to keep the area where the day laborers congregate neat and safe. This includes controlling littering, public drinking of alcohol, congested traffic, and waiting for work in inappropriate areas (such as in front of businesses or on other private property). In San Antonio, most of the corners currently used by the workers do not block businesses. However, the association, as a representative of the businesses in the area, feels that having the workers spread

out over many corners causes traffic problems and is bad for business. A compromise location should be negotiated so that the official day-labor site is promoted by all involved. This would mean that the day laborers would be given some sort of ownership of the official site. They would need to be consulted about what they require to obtain work at the official site. The workers would be given the responsibility of keeping the site neat and making sure that work was not solicited in other areas. The TEC and the Cattleman Square Association for their part would be responsible for ensuring that the contractors and individuals patronize the official site as well. Public service announcements and mailings are two ways in which the corner could be promoted. To their credit the association's idea of sending letters to owners of cars that have stopped at the informal sites is a step in the right direction. Since police harassment is a major concern of the workers, it is to the workers' benefit to formalize the corner system, as this will minimize police intervention and eventually make it unnecessary.

A fringe group to the regular working group seemed to use the corners as more of a place to hang out and drink than as a place to look for work. The fringe element could be responsible for many of the complaints received about the day laborers. In fact, this was confirmed in an interview with Gary Vasquez, executive director of the Cattleman Square Association. Mr. Vasquez, as a representative of businesses in the day labor area, stated that most of the legitimate workers had left the corners by 9:00 a.m. and that most of the problems in the day labor area were caused by this fringe element. The fringe element could also be contributing to some of the misconceptions and common stereotypes about the day laborers. By helping to incorporate the fringe element into the day labor network, the source of complaints possibly would be eliminated and the image of the day laborers would also be improved.

One recommendation is the formation of a coalition of community groups, like the Mexican-American Unity Coalition, to institute these changes with input and possibly funding from the Cattleman Square Association and the TEC. At this time an informal coalition including the TEC, Cattleman Square Association, the SAMM shelter, representatives of the San Antonio Police Department, and Department of Health and Human Services are working together to do just that. Their primary goal is to convince the day laborers and the contractors to use the official day-labor site. The one ingredient missing from this coalition is a representative of the workers. Without worker input, the efforts of this groups are sure to be deterred and prolonged. The success of such a group will be more easily secured if the changes necessary in the day-labor network come from within and are not enforced from the top down.

Case Study Number 2: The Informal Sector

Methodology. The decision to study the involvement of women in the informal sector was determined by several different factors: (1) the low income level of this community suggests that women would be more prone to participate in the informal sector, and (2) the "openness" and availability of this community to researchers due to key informants who were able to furnish a background history of the area as well as ethnographic data on the daily life and interaction in this particular community.[41]

This study on the participation of women in the informal sector focuses on a highly poverty stricken community in housing projects on the West Side of San Antonio and the surrounding residential area within the boundaries of Morales on the north, IH 35 on the east,

Merida on the south, and Zarzamora on the west. Much of the background information for this area was made available through research recently conducted on persistent poverty.

The methods used for this research project consisted of several different stages. First, the research area was defined and mapped out for the case study, focusing on an area where the informal economic activities are concentrated, the courts (between the public housing units), and the surrounding area. Then going door to door allowed the research team to establish contacts with people offering background information on the community and the informal economic activities. Once the women agreed to be interviewed, the snowball technique was used to reach more informants within the community. As familiarity with the West Side area increased, the final stages of the investigation were conducted with individuals that were openly either selling food or offering their services on an informal basis.

Three interviewers collected the data using a questionnaire prepared for this purpose. Each of the women was interviewed separately. The intention is to describe the impact of the informal economy on individuals, the community, and the ethnic enclave from the participants' point of view. In addition to the interviews and field notes, a photographer visually documented the environment and the research in progress.

Thirty-eight individuals were approached on the issue of informal activities and twenty-four directed interviews were completed, thirteen of which were with women, five with men, and six with children. The interviews identified specific demographic and ethnographic information. In order to maintain consistency throughout this entire project, both case studies (day laborers and women) utilized similar questionnaires. The individuals were interviewed on four primary areas of interest: personal data, work data, attitudes about their informal work, and problems associated with this type of work.

Survey Results. The majority of the women interviewed (eleven out of thirteen) were born in the United States and had been living the majority of their lives in San Antonio. Only two out of thirteen women interviewed were foreign born (Mexico). Most of the women interviewed (nine out of thirteen) lived in housing projects on the West Side of San Antonio, while the remainder (four out of thirteen women) interviewed lived outside of the courts. The women engaged in informal activities include young women (less than 21 years old) as well as old women (more than 30 years old) up to the age of 75 years. However, another study on this area reported that women up to the age of 88 years participated in informal activities.[42] Approximately half of the women interviewed (seven out of thirteen) were 30 years old or older. Almost all of the women interviewed who lived in the projects (three out of four) were less than 30 years old.

A majority of the women (nine out of thirteen) interviewed received public assistance, primarily Aid to Families with Dependent Children (AFDC). All but one of the women living in the courts received public assistance of some kind. Most of the women we interviewed had less than a high school education (ten out of thirteen) and only three had completed high school or received a Graduate Equivalency Diploma (G.E.D).

As discussed earlier, an informal activity may involve cash, barter, or the exchange of services. Common informal activities for women were baby sitting, house cleaning, and selling products such as hand-made flowers, embroidered pillow cases, and food (e.g., sodas, tacos, flavored ice cups). Other less-common practices were selling blood and plasma, collecting and recycling aluminum cans, working in bars, and distributing flyers for political campaigns.

The primary source of additional income for women living in the courts is from their families and, to a lesser extent, boyfriends. Help from families ranges from small loans to other resources, such as trading clothes and baby sitting, while the boyfriends' help consists primarily of small loans. The women also rely on their families for assistance during cases of emergency, specifically medical. The degree to which families are utilized varies. Some women rely on their families on a regular basis to pay their bills and for food and emergency loans at the end of every month, while others just use their families as a sort of backup or safety net.

The women believed their informal activities were just a way of learning how to survive or get by financially. For women on public assistance, informal work provided a way to get around the laws and regulations (e.g., housing authority or welfare agencies) which maintain strict limits on additional income. The women felt that any effort which was necessary to support a family was justified and, therefore, should not be reported to the public service agencies. The majority of the women openly admitted their participation in informal activities once they were convinced that the interviewers were not associated with any of the social service agencies. In general, those women involved in informal activities knew of other women supplementing their income in various other ways and commented freely on informal activities going on in the community. Many regarded participation in informal activities as a common practice. There was actually a history of involvement in informal activities; many of the women had been engaged in informal activities over several years. Women stated that they have relied and will continue to rely on this "extra" income to support their families on a continuous basis.

The women stated they received personal satisfaction from their work, primarily because it helped the family with financial problems. All of the women who engaged in informal activities used the extra income to purchase basic necessities such as food or clothing for their children. Many women felt personal pride in their initiative, creativity, and ability to provide for their family and themselves. They also enjoyed the reputation they gained for helping others through their exchange of services. An older women, approximately 73 years old, liked to work because it kept her preoccupied when she felt sick or lonely. The women also believe the informal activities are good for the community in that everyone helps each other to create more caring, communication, and camaraderie. They also believe informal activities, primarily in-kind services, build their social ties and reinforce community bonds.

The most common problem identified by the women concerns the restrictions placed on them by the public assistance agencies (e.g., housing authority and welfare services). Public assistance regulations require recipients to report additional sources of income, which would result in a deduction in benefits. According to the women living in the courts, the housing regulations stipulated that a resident is violating a lease if she does not report earnings above $10.00. All of the women we spoke to believed that the amount of cash assistance received was insufficient to meet all of their living expenses; most of the women required extra money for basic necessities such as food and clothing for their children. Several of the women stated that they felt they were being forced to deceive the public service agencies in order to support themselves and their families.

The women felt they were unable to address the social agencies regarding these problems because of the insensitivity of the agencies. One woman stated,"they don't care about people. As long as they get their 8:00 to 5:00 pay, they don't care. People don't care anymore." Another woman stated, "they [social services] think you owe them something, as if they are giving you the money out of their own pockets." When referring to the housing authority the women stated that the agency had no consideration for family emergencies (e.g., accidents, school trips, illness)